
For Immediate Release

www.wa.gov/esd

Date: January 15, 2003

Contacts: Kristin Alexander, (360) 902-9307, pager: (360) 455-6301
Elena Perez, (360) 902-9686

High Unemployment and Declining Trust Fund Mean Higher Employer Taxes

OLYMPIA – Many Washington employers will pay higher unemployment taxes in 2003 under an existing state law designed to keep the unemployment trust fund solvent during recessions.

The state Unemployment Insurance Trust Fund shrank 25 percent between September 2001 and September 2002, thereby triggering the tax schedule change.

“The ongoing recession has dramatically reduced the trust fund balance,” said Employment Security Commissioner Sylvia P. Mundy. “More laid-off workers are collecting unemployment and they are receiving those benefits for longer periods of time. State law requires the change to a higher tax rate schedule this year to sustain the fund and assure money is available to pay unemployment benefits. Taxes would have been even higher without additional federal dollars approved by Congress and the President to assist unemployed workers.”

The amount of worker wages that is taxed will also increase under state law. Employers will pay unemployment taxes on the first \$29,700 of a worker’s wages in 2003.

Employment Security typically provides tax rate information to employers in early December, but did not know which rate to use due to the lawsuit pending in the Washington State Supreme Court regarding Referendum 53. The Supreme Court ruled last week. The department will mail tax rate notices for 2003 to employers by the end of the month. First-quarter tax payments are due April 30.

Despite economic downturns, Washington has been in tax schedules AA and A, the two lowest of seven tax schedules, since 1990. Rates for 2002 were determined by Schedule A.

Rates for 2003 are determined by Schedule B, and will range from 0.57 to 5.4 percent of taxable wages for established businesses.

#####